

SPECIAL SESSION

Agenda Item #	8
Meeting Date	June 20, 2005
Prepared By	Wayne Hobbs
Approved By	Barbara B. Matthews City Manager

Discussion Item	Ordinance awarding health and dental benefits contract for FY 06
Background	<p>Health Benefits for FY 05 were provided by three companies: MAMSI, AETNA, and KAISER. MAMSI was the principal provider (City's contributions were set at the amounts of this plan) and employees had the option of buying up to other plans.</p> <p>For FY 06 MAMSI proposed a rate increase of 13.4%. Proposals were solicited from other carriers to see if we could find a comparable plan at lower rates. Proposals were solicited from MAMSI, AETNA, KAISER, and CAREFIRST,</p> <p>AETNA provided a proposal based on the premise that they would be our only carrier. This proposal is 16% lower than the MAMSI quoted FY 06 renewal rates. KAISER and CAREFIRST were dropped from consideration for various reasons. Staff recommends that the AETNA proposal be accepted as the most responsive and least costly alternative. The AETNA proposal has been considered and is acceptable to both AFSCME and Local 400.</p> <p>Impact for employees on switching to AETNA: most employees will have to switch from MAMSI to AETNA; some may have to switch doctors (comparison of doctors used by City employees under MAMSI showed that 90% of the employees would not have to change their primary care physician); employees currently in the KAISER plan may continue coverage under KAISER, while new employees will not have that option.</p> <p>Staff also recommends that we renew our dental contract with AETNA. Rates for the Dental DMO increased by 7%.</p>
Policy	<p>City Code Section 4.04.740 Article 13 Fringe Benefits - Hospitalization.</p> <p>A. All employees of the City are provided health insurance benefits corresponding to the terms agreed upon in existing collective bargaining contracts. For employees who are not covered under a collective bargaining agreement, the City Administrator shall establish the terms.</p> <p>B. Employees have the option to select family coverage on a cost sharing basis (payroll deducted) as provided in an existing collective bargaining agreement or as established by the City Administrator for those not covered by a collective bargaining agreement. Family coverage shall be extended to spouses, dependent children, domestic partners who are registered in accordance with City regulations and dependent children of registered domestic partners. A dependent child of a domestic partner shall include a natural child, adopted child, stepchild, foster child or child in the legal custody of a domestic partner. (Prior code § 8B-175)</p> <p>City Code Section 4.04.060</p> <p>A. The City Council shall, by ordinance duly enacted, approve all</p>

	expenditures of \$5,000.00 or more for professional services and all expenditures of \$10,000.00 or more for any other single purchase of goods or services other than professional services; provided, however, that ordinances approving such expenditures may be enacted upon a single reading without being read at 2 meetings of the City Council prior to adoption, if each such expenditure is specifically authorized in the budget ordinance for the current year or an ordinance revising it and the cost of the procurement is equal to or less than the budgeted amount.
Fiscal Impact	The contracts with AETNA will result in a savings of approximately 7% in budgeted health benefits costs or a reduction in the approved FY 06 budget of \$73,000.
Attachments	1. Proposed Ordinance. 2. Chart of Premiums
Recommendation	That Council adopt the attached Ordinance approving a Contract award to AETNA for FY 06.
Special Consideration	

Introduced by: Councilmember Austin-Lane

Single Reading Ordinance:

ORDINANCE # 2005-20

**AUTHORIZATION TO CONTRACT
WITH AETNA FOR EMPLOYEE HEALTH BENEFITS**

WHEREAS, the City Code and Collective Bargaining Agreements require employees be provided health benefits; **AND**

WHEREAS, proposals were received from a number of health care providers; **AND**

WHEREAS, both AFSCME Local 3399 and the United Food and Commercial Workers Union Local 400 have reviewed and concur in the AETNA proposal; **AND**

WHEREAS, contracting with AETNA will reduce the FY 06 budgeted cost for health benefits by approximately \$73,000; **AND**

WHEREAS, the funds to cover the cost for health insurance benefits are included in the approved FY 06 Budget.

**NOW THEREFORE BE IT ORDAINED BY THE COUNCIL OF THE CITY OF
TAKOMA PARK, MARYLAND THAT:**

the City Manager or her designee is authorized to enter into a contract with AETNA for health care benefits **AND THAT** this Ordinance shall be effective immediately.

ADOPTED this 20th day of June, 2005 by roll call vote as follows:

AYE: Porter, Austin-Lane, Barry, Elrich, Mizeur, Seamens, Williams

NAY: None

ABSTAIN: None

ABSENT: None

Comparison of Health Premiums :

Health Insurance	MAMSI FY 05	MAMSI Proposed FY 06	AETNA Proposed FY 06
Individual	\$286.15	\$324.59	\$297.36
Parent/Child	\$542.63	\$615.53	\$567.11
Husband/Wife	\$542.63	\$615.53	\$662.48
Family	\$863.88	\$979.94	\$870.80

Dental Insurance DMO	AETNA FY 05	AETNA FY 06
Individual	\$15.52	\$16.61
Parent/Child	\$30.27	\$32.39
Husband/Wife	\$30.27	\$32.39
Family	\$47.26	\$50.57